

**Subcommittee on Federalism and the Census, City of Bethlehem**  
**October 25, 2005**

Good morning. My name is Kerry Wrobel and I am president of Lehigh Valley Industrial Park, Inc. (LVIP). LVIP is a private non-profit economic development corporation founded in 1959, ironically, in response to a 100-day strike at Bethlehem Steel. Today LVIP is constructing its seventh industrial park on 1,000 acres of the former Bethlehem Steel plant here in the City of Bethlehem. As in our previous six parks, LVIP envisions a premier business center with diverse uses - manufacturing, technology, distribution, office and retail – on this major brownfield site we call LVIP VII at the Bethlehem Commerce Center.

LVIP's first six parks converted greenfields into business centers. Our success – 1,500 acres of industrial development, 370 tenant companies and 17,000 employees – has played a supportive role in diversifying the Lehigh Valley economy and ultimately weathering the loss of Bethlehem Steel.

While developing our greenfield parks over the last 15 years, LVIP kept a watchful eye on opportunities to redevelop an urban brownfield site. In June of 2001, Bethlehem Steel approached LVIP with an offer to develop a major portion of the company's South Bethlehem plant. We purchased 1,000 acres of the largest privately-owned brownfield site in the U.S. in May of 2004.

LVIP VII at the Bethlehem Commerce Center will cost approximately \$100 million to develop – more than our six previous parks combined. LVIP, a land developer, will construct roads and utilities plus a 108-acre Intermodal facility. Environmental issues will be addressed and parcels will be prepared for end-users. Progress can be seen already.

This afternoon, we will celebrate the ribbon-cutting of our first tenant, United States Cold Storage, a firm based in Cherry Hill, NJ. Cold Storage has constructed a first phase 175,000 square foot warehouse facility in LVIP VII with 38 employees. At full build-out, a 625,000 square foot facility and 200 employees will occupy 32 acres of LVIP VII.

Perhaps no other issue resonates as soundly with today's populace as the continuous march of suburban sprawl. As farms give way to residential and commercial developments, there is a clear understanding that public policy and regional planning must incent and direct the reuse of urban sites.

If we are to rebuild our cities and prioritize brownfields, the public sector must invest public dollars to offset the premium costs associated with brownfield development.

Here are a few recommendations:

1. Allocate a fixed percentage of EDA funding annually for brownfield development – LVIP VII received a \$2 million EDA grant for the construction of infrastructure in its first phase. The grant offset the significant premium costs of trenching for utilities and roads through the former slabs and foundations of massive steel structures. By offsetting the premium costs, the EDA grant has allowed LVIP to sell land in LVIP VII at a price that is competitive with greenfield developments.
2. Allow funds from the EPA's Brownfield's Revolving Loan Fund to pay for environmental insurance – Environmental insurance premiums for brownfield sites can reach seven figures. Equally challenging, the environmental insurance premium must be paid at the time of land acquisition, before land sales can generate revenue for an organization. A grant from the Revolving Loan Fund could provide critical assistance early in the project's life - and once again offset a premium cost of brownfield development.
3. Enhance the One Clean-Up Program Memorandum of Understanding (MOA) between EPA and the Pa. Department of Environmental Protection – The MOA has been invaluable to the success of LVIP VII. The cooperation between DEP and EPA on LVIP VII has given our potential buyers the requisite confidence

they need to invest in a brownfield site. It is early in the life of the MOA; however, the test will come as administrations change and priorities likewise. As the developer of a brownfield project with a 10-15 year build-out rate, my concern is how do we insure that the interest in brownfields development in five or ten years matches today's fervor.

LVIP VII at the Bethlehem Commerce Center is an exciting project that has challenged and galvanized all elements of our organization. It is extremely fulfilling to work with our many partners at the local, state and federal levels on a project that will make a difference for generations to come.

On behalf of the LVIP Board of Directors, I would like to thank you for the opportunity to speak before you today.